

ANNUAL REPORTS TO THE FOREIGN-TRADE ZONES BOARD
BY GRANTEES OF FOREIGN-TRADE ZONES AND SUBZONES

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Pursuant to the Foreign-Trade Zones Act (19 U.S.C. 81 a-u) and the FTZ Board's regulations (15 CFR Part 400), zone grantees must submit an annual report on zone and subzone activity. Information is reported on a federal fiscal year basis (October 1 through September 30) and reports are due from grantees by the last business day in January of each year. They are used by the FTZ Board in preparing its annual report to the Congress. Failure to submit a report can be considered a violation of the Act resulting in the revocation of a zone grant. The report/records retention period is five years.

Zones activated during the year should submit reports for the general-purpose zone and for any subzones for the time period activated. Zones not yet activated, but approved prior to October 1 of the fiscal year covered in the report, must submit a project status report. Grantees must also submit status reports for any inactive subzones.

The format for annual reports is attached. The report (original and 1 copy) must be signed by an authorized official of the grantee corporation.

As part of an effort to provide specific guidance to parties, a guideline for oil refinery subzones is attached. This guideline should be used in place of the standard subzone section.

Remember to include the name and phone/FAX number of the contact person for your report at the close of your cover letter.

Attachment

ANNUAL REPORT
FOREIGN-TRADE ZONE ____
CITY, STATE
Oct. 1, — Sept. 30, —

PART I. SUMMARY OF ACTIVITY - ZONE PROJECT

Provide a narrative summary of zone activity with brief discussion on significant developments during year, including the following information:

1. Developments/trends in shipments/activity, and factors affecting growth.
2. Improvements in zone services and facilities during the year or planned for the near future.
3. Promotion and marketing efforts.
4. Summary of general-purpose zone activity, specifically discussing export and transshipment activity, and role of the zone in U.S. export expansion.
5. Employment within the activated zone area.
6. Discussion as to how overall FTZ project and major specific activities conducted under FTZ procedures contribute to local and national economy, including FTZ impact on employment, port activity, industrial development, international trade and investment.

PART H. USE OF ZONE BY BUSINESS FIRMS (General-Purpose Zone)

- A. The zone served ____ business firms during fiscal ____ Of these, ____ used the zone on a continuous basis, employing up to ____ persons, ____ of whom were full-time employees.
- B. List and discuss each manufacturing and processing operation conducted under FTZ procedures within the general-purpose zone, (Note those authorized subject to restriction, indicating the type of FTZ Board Order restriction and compliance measures.)
- C. List the subzones for which authority has lapsed.

PART III. MOVEMENT OF MERCHANDISE (for General-Purpose Zone No. _____)

The zone handled ____ different items from ____ countries of origin, compared with ____ items from ____ countries during the preceding fiscal year.

A. Merchandise in the Zone at Beginning and End of Fiscal Year

	<u>Beginning</u>	<u>End</u>
	<u>Value (Note 1)</u>	<u>Value</u>
Domestic Status (Note 2)	\$_____	\$_____
Foreign Status	_____	_____
<u>Total:</u>	\$_____	\$_____

B. Movement of Merchandise

<u>Received</u>	<u>Value (Note 1)</u>
Domestic Status (Note 2)	\$_____
Foreign Status	_____
From Other U.S. FTZ's:	
Domestic Status	_____
Foreign Status	_____
<u>Total:</u>	\$_____
<u>Forwarded</u>	<u>Value</u>
To The U.S. Market	\$_____
To Foreign Countries (Exports)	_____
To Other U.S. FTZ's	_____
<u>Total:</u>	\$_____

1. Values are in

(e.g., \$ 000s)
(Only needed if figures
do not represent the
actual values)

**2. Domestic Status
includes domestic
origin and foreign
duty paid items (i.e.,
includes all FTZ
merchandise not in
foreign status).**

Explanation of Discrepancies:

C. Value Added -- For any value-added activities conducted under zone procedures (e.g., assembly or mfg.), provide statement as to nature and value of such activity (labor, overhead, etc.).

PART III. (Cont.)

D. Main Categories of Foreign Status Merchandise Received (Top Five)

<u>Category</u>	<u>Value</u>	<u>Main Countries of Origin</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<u>Total:</u>	\$ _____	

E. Foreign Status Merchandise Received:

Nonprivileged Foreign \$ _____
Privileged Foreign \$ _____

F. Customs duties collected on merchandise entered from the zone during the fiscal year amounted to \$ _____

PART IV. PHYSICAL FACILITIES - AVAILABLE AND ACTIVATED

- A. Provide a narrative description of the general-purpose zone with number of sites and total acreage approved. Provide a list of the sites, describing acreage approved for the site, facilities available for zone users, and whether the site is "activated." Include a brief discussion of the status of the non-activated space, describing the efforts/expectations related to planned zone use.

<u>Site No.</u>	<u>Size</u>	<u>Name</u>	<u>Size</u>	<u>Facilities Available</u>	<u>Activation Status</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

- B. Zone Schedule. Provide the locations where the Zone Schedule (§400.42(b)), including rates and charges of zone grantees and general-purpose zone operators, is available for public inspection, and indicate the effective date.

PART V. SUBZONE ACTIVITY*

This part of the annual report is required for each subzone activated during the fiscal year. (Only status reports (in the form of a letter) are required for inactive subzones.) The attached oil refinery subzones guideline should be used in place of this part for oil refinery reports.

A. Summary for Subzone No. _____

Provide a narrative summary of the activity conducted at the subzone site, including the following information:

1. Name of owner, operator, and corporate affiliation.
2. Description of the subzone site and plant facilities.
3. Direct employment at the subzone is _____
4. Description of activity, including materials and components received, sourcing patterns, manufacturing/processing activity, products forwarded, and distribution.
5. The economic and business benefits to the subzone user, including statement as to types of savings and how they assist the subzone user in its international competitive efforts (e.g., how FTZ status helps subzone compete with foreign plants; expand sales in overseas markets).
6. Describe public-type benefits (both direct and indirect) to the local and national economy:
 - explain how FTZ status for the plant has affected domestic production and employment;
 - discuss, if applicable, effects on domestic customers in terms of their international (e.g., export) competitiveness;
 - discuss, if applicable, impact on domestic suppliers.
7. If subzone activity is subject to restriction, please describe method of compliance.

* *If your zone project has more than one active subzone, a separate Part V should be submitted for each subzone.*

B. MOVEMENT OF MERCHANDISE FOR SUBZONE NO. _____1. Merchandise in Subzone at Beginning and End of Fiscal Year

	<u>Beginning</u>	<u>Ending</u>
	<u>Value (Note 1)</u>	<u>Value</u>
Domestic Status (Note, 2)	\$ _____	\$ _____
Foreign Status	_____	_____
<u>Total:</u>	\$ _____	\$ _____

2. Movement of Merchandise

<u>Received</u>	<u>Value (Note 1)</u>
Domestic Status (Note 2)	\$ _____
Foreign Status	_____
From Other U.S. FTZ's	
Domestic status	_____
Foreign status	_____
<u>Total:</u>	\$ _____

1. -Values are in _____

(e.g., \$ 000s)
(Only needed if figures do not represent the actual values)**2. Domestic Status includes domestic origin and foreign duty paid items (i.e., includes all FTZ merchandise not in foreign status).**

<u>Forwarded</u>	<u>Value</u>
To The U.S. Market	\$ _____
To Foreign Countries (Exports)	_____
To Other U.S. FTZ's	_____
<u>Total:</u>	\$ _____

Explanation of Discrepancies:

3. Provide an approximate figure for the overall level of production at the subzone: _____

Examples of quantitative measures of production are units or tonnage per year, barrels per day (oil refineries) and plant square footage active under zone procedures (pharmaceutical plants). Please note that FTZ authority is limited by the scope of activity described in the application approved by the Board. If FTZ activity is expected to increase beyond the approved level, a zone/subzone may apply for expansion of the FTZ scope of authority.

4. Value Added: Provide an estimate of zone value added (i.e., the difference between the value of merchandise received at the subzone and the value of finished products shipped from the subzone, (Value added is not included in the Movement of Merchandise figures above.)
- _____

5. Main Categories of Foreign Status Merchandise Received

<u>Category</u>	<u>Value</u>	<u>Main Countries of Origin</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<u>Total:</u>	\$ _____	

6. Foreign Status Merchandise Received:

Nonprivileged Foreign \$ _____
Privileged Foreign \$ _____

7. Customs duties collected on merchandise entered into U.S. Customs territory from the subzone during the fiscal year amounted to \$ _____

8. When applicable, indicate merchandise destroyed in the subzone during the fiscal year valued at \$ _____

PART VI. PHOTOGRAPHS

Each zone may periodically submit photographs (8" x 10" glossy) showing current zone layout and facilities, or portraying examples of current activity. These photographs are requested with the understanding that they may be reproduced in government publications or released to the public.

PART VIII. ZONES A SUBZONES AUTHORIZED BUT NOT YET IN OPERATION

For zones and subzones not yet activated, please submit a status report as to activation efforts and plans for such zone or subzones.

NOTES FOR PREPARING FTZ ANNUAL REPORT DATA

- o Zone reports should reflect only activity within activated portions of zones/subzones. In some situations domestic merchandise may be stored in activated space with Customs approval but not under FTZ procedures, and such merchandise would not be reported its zone merchandise. If you have any questions as to whether this should be reported to the FTZ Board, You should contact the FTZ staff.
- o The figures for the "Movement of Merchandise" table may be derived from existing company data. Foreign status merchandise figures may be derived from the Customs inventory control system data. Domestic status figures may be derived from total merchandise receipts (by the activated operation) minus the foreign status figure.
- o The first figure in the "Movement of Merchandise" table (under the "Received," "Domestic Origin/Duty Paid" heading) involves merchandise admitted to zones from U.S. Customs territory. It should include U.S.-origin merchandise and foreign merchandise for which formal Customs entry for consumption has been made, including domestic-origin zone restricted merchandise.
- o The second figure under this table heading ("Received," "Foreign Status") involves merchandise admitted to the zone in both foreign privileged and non-privileged status as well as foreign-origin merchandise admitted in zone restricted status.
- o The figures under the "Forwarded" heading should be based on the value of foreign status and domestic status merchandise removed from the zone inventory for shipment and should not include value-added in the zone.
- o "Forwarded, To Foreign Countries" (i.e., exports) should be based on the zone operator's knowledge of destination. Thus, in addition to direct export shipments, this category should also include products shipped from a zone that are routinely transferred/entered into Customs territory prior to their departure from the United States as part of their normal shipping procedures.
- o Estimates of value-added for zone manufacturing activity should be provided separately under the "Value-Added" heading. This includes labor and overhead and other value added at the plant to material inputs in the manufacture of components and final products.
- o In the "Movement of Merchandise" tables (zone and subzone), note that zone-to-zone transfers are reported under a separate line item.
- o In the "Movement of Merchandise" tables, the difference between incoming and outgoing figures should be checked against the figures given for the beginning and ending inventory levels, and unusual discrepancies should be explained.
- o With regard to the list of "Foreign Status Items Received" (Part 111, Sec. D and Part V, Sec. 13.4), you may indicate categories of products and provide rounded value figures so that the information is in a non-proprietary form. For the " main countries of origin," please list one or more countries that are considered major sources for each category.
- o In general, all data must be in a non-proprietary form. If you have information in addition to that which is required which would be useful to the FTZ Board but is business proprietary, you must mark it BUSINESS PROPRIETARY and submit it separately in a marked envelope
- o In reporting the amount of Customs duties collected, you may use an estimate that is agreed upon by Customs officials.

**GUIDELINES
FTZ ANNUAL REPORT
OIL REFINERY SUBZONES**

PART V. SUBZONE ACTIVITY

This part of the annual report is required for each subzone that is active under zone procedures during the fiscal year. (Only status reports (in the form of a letter) are required for inactive subzones.)

A. Summary for Subzone No. _____

Provide a narrative summary of the activity conducted at the subzone site, including the following information. This information may be provided on a separate sheet in narrative form.

- I. Name of owner, operator, and corporate affiliation.
 - a. Subzone #
 - b. Activation date
2. Description of the subzone site and plant facilities.

List site(s)

 - a. # acres
 - b. # tanks/storage capacity in barrels
3. Direct employment at the subzone is _____
Indirect employment is _____ (e.g., contract employees).
4. Description of activity, including materials and components received, sourcing patterns, manufacturing/processing activity, products forwarded, and distribution.
 - a. Inputs
 1. List primary non-crude receipts on an average daily basis.
 2. Volume of total crude oil receipts on an average daily basis.
 3. Volume of foreign crude oil receipts on an average daily basis, by HTS No.

¹ The figures for the Narrative Section described above can be derived from existing company data. Though the Movement of Merchandise figures that are provided for Section B must be based on the FTZ reporting year (Oct 1 to Sept 30), the figures for the Narrative Section (Section A) may be based on the company's fiscal year or calendar year. The figures for the Narrative Section may be estimated, approximated, rounded or ranged. (For example: savings are approximately \$0.7 million per year; fuel output ranges between 65 and 70 percent of total output). We suggest that appropriate references be included.

b. Production

1. List primary non -NPF attributed products (fuels, lubricants, etc.). These products account for ____% of total output.
 2. Provide a description of types of customers (see 2 below) for non-NPF products shipped from the refinery. Identify exports by product and volume.
 3. List primary products produced from NPF attributed crude. These products account for ____% of total output.
 4. Provide a description of types of customers (see 2 below) for petrochemical products.
 - indicate approximate percentage of shipments that are to affiliated plants.
 - indicate percent of export activity: include direct exports, exports made
5. Statement as to type and level of production and relate to the scope of activity approved by the Board. (Refineries/petrochemical plants should give capacity as crude distillation BPD and stand alone petchem plants should give capacity as crude equivalent distillation BPD).⁴
- a. The current rated crude distillation capacity is _____ BPD.
 - b. The most recent Board action (cite Board Order No. of original approval/Board Order 11 16-NPF extension/other) in (year), indicated _____ BPD crude distillation capacity. State whether production is within this range or to what extent it is above it. Note that the Board allows for standard or minor variances (e.g., 10%) above stated capacity.
 - d. State the reason for any increase in BPD if you have indicated a different capacity, e.g. debottlenecking action, additional unit(s)
 - e. Indicate any major FTZ expansions or modifications. Give the FTZ case number and the date approved.
6. Discuss the economic and business benefits to the subzone user, including statement as to types of savings and how they assist the subzone user in its international competitive

² In describing customers, do not provide names or specific customer information. We are seeking general information about general types or categories of customers by industry and/or by use.

³ In addition to direct exports, we are attempting to capture information on indirect exports based on your direct knowledge or based on general company information. For example, if your company exports 20 percent of its petrochemical production, you can use apply this ratio to your refinery. We are not asking you to survey your customers or develop new information. We only ask that you attempt to estimate such exports using existing company information.

⁴ Grantees and subzone operators are reminded that grants of authority are approved for a given level of activity. A plant may increase its capacity, but the level of approved zone activity for the plant remains at the level approved under the subzone's current board order. Significant increases in activity above board approved levels requires an expanded authorization.

efforts (e.g. import displacement of finished products; sales in overseas markets). Please give examples where appropriate.

- a. Current estimate of annual zone duty savings is approximately _____ (May be stated in rounded or ranged figures: e.g., \$1.2 mil, or \$0.6 to \$0.8 mil.)
 - b. Indicate how savings assist the subzone user in its international competitive efforts (e.g. reduce operating costs, improve margins, help make exports more competitive, maintain or increase refinery capacity through processing unit upgrades or additions at U.S. refinery versus foreign refinery in a global industry).
7. Describe public-type benefits (both direct and indirect) to the local and national economy: Please give specific examples.⁵ As it applies to your plant, you may describe with any or all of the following:
- a. affected domestic production and employment, domestic refining capacity and domestic employment
 - b. helped to offset environmental compliance costs.
 - c. helped to make exports (direct and downstream) more competitive
 - d. helped to preserve U.S. refining capacity
 - e. contributed to increased investment in U.S. refining.
8. If subzone activity is subject to restriction, please describe method of compliance.

⁵ In describing how FTZ status has affected the refinery, please give examples and anecdotal information that you feel relevant. We recognize that FTZ status may be only a contributing factor.

⁶ In describing industry impact, information may be presented to the FTZ Board on a company-wide or industry-wide basis (rather than from individual subzones). In this manner the accumulated impact of all of a company's subzones or the of the subzones in the industry may be discussed as a group rather than on an individual basis for this particular point. If this is the case the individual subzone report may just reference the other submission to answer question 7.

B. MOVEMENT OF MERCHANDISE FOR SUBZONE NO. _____1. Merchandise in Subzone at Beginning and End of Fiscal Year

	<u>Beginning</u>	<u>Ending</u>
	<u>Value</u>	<u>Value</u>
Domestic Status	\$ _____	\$ _____
Foreign Status	_____	_____
<u>Total:</u>	\$ _____	\$ _____

2. Movement of Merchandise

<u>Received</u>	<u>Value</u>
Domestic Status	\$ _____
Foreign Status	_____
From Other U.S. FTZ's	
Domestic status	_____
Foreign status	_____
<u>Total:</u>	\$ _____

1. Values are in _____

(e.g., \$ 000s)
(Only needed if figures do not represent the actual values)

2. Domestic Status includes domestic origin and foreign duty paid items (i.e., includes all FTZ merchandise not in foreign status).

<u>Forwarded</u>	<u>Value</u>
To The U.S. Market (see 7 below)	\$_____
To Foreign Countries (Exports)	_____
To Other U.S. FTZ's	_____
<u>Total</u>	\$_____

Explanation of Discrepancies:

-
3. Value Added: Statement as to nature and estimated amount of value-added plant activity (Labor, Overhead, Etc.). (Value added is not included in the Movement of Merchandise figures above.)

4. Main Categories of Foreign Status Merchandise Received

<u>Category</u>	<u>Value</u>
_____	\$_____
_____	_____
_____	_____
_____	_____
_____	_____
Total:	\$_____

⁷ Products that end up being used as refinery fuel are considered domestic shipments because they are subject to Customs entry procedures. These products should be included in the shipments to the U.S. market.

5. Foreign Status Merchandise Received:

Nonprivileged Foreign \$_____

Privileged Foreign \$_____

6. Customs duties collected on merchandise entered into U.S. Customs territory from the subzone during the fiscal year amounted to \$_____

7. When applicable, indicate merchandise destroyed in the subzone during the fiscal year valued at \$_____

GRANTEE LETTERHEAD

DATE

Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce
FCB - Suite 4100W
1401 Constitution Ave., NW
Washington, D.C. 20230

Dear _____ :

Submitted herewith, in accordance with the Foreign-Trade Zones Act and the regulations of the Foreign-Trade Zones Board, is an original and one copy of the annual report covering the operation of Foreign-Trade Zone # _____, City, State, for the fiscal year ended September 30, _____. [The report includes information on the following subzone(s) which was/were active during the year: Subzone(s) _____.]
[Status reports are included for _____.]

If you have any questions regarding this report, please contact
_____ (phone _____, FAX _____, e-mail _____).
For Subzone _____, you may contact _____ (phone
_____, FAX _____).

(Highlights and comments)

Respectfully submitted,

Signature
Name (Typed)
Title
Corporation Name
Grantee, Foreign-Trade Zone _____

Grantee's
Corporate
Seal